

The Wages of Fraud: A Follow-Up

Written by Nick Sanders

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More than a year ago, we first [wrote](#) about the issues at Bradken. As we discussed at the time, the corporate structure of Bradken was interesting, but the bottom-line was that its US subsidiary, based in Tacoma, Washington, had for some time been “the U.S. Navy’s leading supplier of high-yield steel for naval submarines.” As a subcontractor, Bradken provided castings to Navy prime contractors for use in fabricating submarine hulls.

For thirty years, Bradken produced castings that had failed lab tests and did not meet the Navy’s standards. The fraud started well before the company’s acquisition by foreign ownership and continued for a decade after the acquisition. Bradken settled its civil False Claim suit for \$10.8 million, and the company entered into a deferred prosecution agreement with respect to the criminal charges it was facing.

As part of its Deferred Prosecution Agreement, Bradken agreed to make a public statement. We wrote about that public statement in a [follow-up article](#) . We believe that public statement is well worth reading, and we recommend you follow the link to it.

While the company was settling its legal liabilities, its former Director of Metallurgy, Ms. Elaine Thomas, was facing her own legal issues. She was charged with Major Fraud against the United States. On November 8, 2021, Ms. Thomas [pleaded guilty](#) to “defrauding the United States by falsifying test results that measure the strength and toughness of steel used in U.S. Navy submarines.” She will be sentenced in February, 2022. She faces “up to 10 years in prison and a \$1 million fine,” according to the DoJ press release.

When we first wrote about this situation, we were careful to make sure it was clear that the Ms. Thomas had only been accused of fraud, because everybody is entitled to be considered to be innocent until proven guilty in a court of law. However, now that Ms. Thomas has pleaded guilty, we can dispense with the niceties and call her what she is: a fraudster.

[This article](#) at TheDrive.com, written by Thomas Newdick, adds some details to the story. Newdick’s article quotes Thomas’ attorney as saying, “she regrets that she failed to follow her moral compass — admitting to false statements is hardly how she envisioned living out her retirement years.” Well, then. That makes it all better, doesn’t it?

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Newdick's article adds—

Exactly what drove Thomas to falsify the results of the strength tests is still unclear, but according to the Justice Department, she thought it was 'stupid' that the Navy demanded the tests be carried out at -100° Fahrenheit. As a result, the department contends, Thomas changed the results to false positives in some cases.

Interestingly, the Newdick article adds commentary about other problems facing the Navy's submarine program, and he notes that the problems lay unnoticed for several years before discovery—which ought to concern everybody. However, the article ends on an optimistic note, in which Newdick writes, "... after this fiasco, the Navy will surely be keeping an especially close eye on the production quality of structural components needed to ensure these powerful submarines perform according to their exacting specifications."

We shall have to see whether or not the Navy has learned any lessons from this—and other—contractor fraud cases.